

FY 2010 Budget Update

City of Austin
Financial Services Division
June 11, 2009



Today's Presentation

- Revenue and Expenditure Update
- Budget Process and Public Engagement
- Summary of Potential Budget Reductions
 - General Fund
 - Support Services and Other Departments
 - General Fund Transfers
 - Corporate Options
- Next Steps



Key Revenue Assumptions – 2010

▪ Property Tax

- appraiser has revised AV estimate from - 3.2% to +1.8%
- final roll after appeals will be somewhere in between
- higher AV will result in lower tax rate
- minimal impact on projected property tax revenue

▪ Sales Tax

- may payment down 9.2%
- sales tax revenue down 9.9% year to date
- will continue to monitor and revise estimate as necessary

▪ Development Revenue

- development activity continues to trend downward
- may need to lower projected revenue
- will continue to monitor and revise estimate as necessary

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Key Expenditure Assumptions – 2010

- Savings realized from mid-year budget reduction plan were not ongoing
- Salary increases
 - police and EMS: 2.75%
 - fire and civilian employees: 0%
 - no market study for civilian employees
- Increase in health insurance costs of 8%
- Supplemental funding for civilian employee retirement system
- No funding for enhanced service levels or new programs
 - unmet needs report available June 15

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Revenue to Expenditures – 2010

Revenue

Property Tax at Rollback Rate	234.0
All Other Revenue	381.4
Total Revenue	615.4

Expenditures

Departmental	556.2
Transfers / Other Requirements	88.8
Total Expenditures	645.0

Excess / (Deficit)

At Rollback Tax Rate	(29.6)
At Effective Tax Rate	(43.1)
At Nominal Tax Rate	(66.7)

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Budget Development Process Since 4/22

- Continue to monitor and revise revenue estimates as necessary
- Analyzed various corporate options
 - unpaid furloughs
 - suspension of service incentive pay
 - fee increases
- Developed menu of potential departmental budget reductions
 - 3.5% for public safety departments
 - 7.0% for all other departments

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Public and Employee Engagement

- Completed:
 - over 20 meetings to date with Boards and Commissions
 - dollars and sense program
 - 6 employee focus groups
 - citizen survey
- Planned:
 - 3 town hall meetings
 - additional meetings with Boards and Commissions
 - 3 public hearings on budget in August
- All presentations and reports available online at www.ci.austin.tx.us/budget/

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Goals of Budget Reduction Process

- Transparency and Inclusiveness
 - public involvement
 - employee involvement
 - boards and commissions involvement
- Provide detailed budget information to City Council in advance of Proposed Budget
- Address structural nature of budget gap with ongoing, sustainable reductions
 - e.g. eliminating positions instead of holding vacancies
- Consider all options including some one-time savings and fee increases
- Avoid layoffs if possible

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Summary of Potential Budget Reductions

	Million \$
General Fund	24.7
Support Services	4.2
CTM, CTECC, and Fleet	2.9
Transfers to Enterprise Departments	5.9
Corporate Options	7.2
Total	45.0

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Next Steps

- Town Hall Meetings
 - June 10 – Northwest Recreation Center
 - June 15 – Gus Garcia Recreation Center
 - June 16 – Tony Burger Activity Center
- Analyze pros and cons of each budget reduction option and formulate staff recommendation
- July 22 Deliver Proposed Budget to Council
- August 5, 19, 26 Council Deliberations on FY 2010 Proposed Budget
- Sept 14 – 16 Budget Approval Readings

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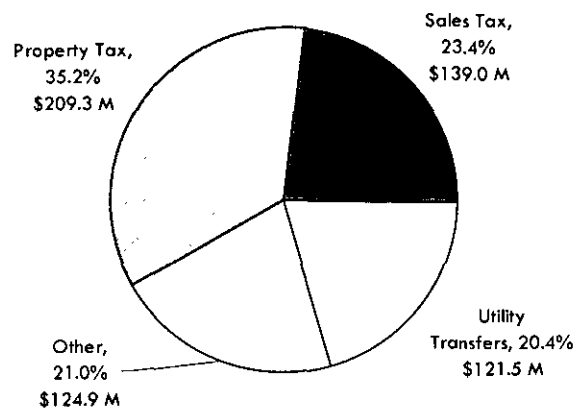


Questions / Comments / Discussion



General Fund Revenue Categories

FY 2009 Estimated General Fund Revenue: \$594.7 Million



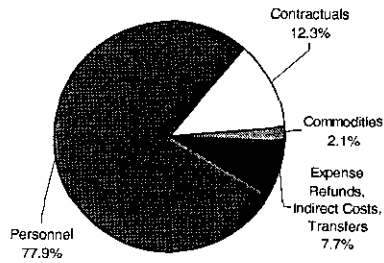
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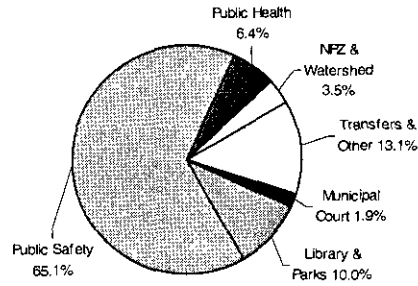


General Fund Budget Categories

**FY 2009 General Fund Budget
by Expenditure Category**



**FY 2009 General Fund Budget
by Service Category**

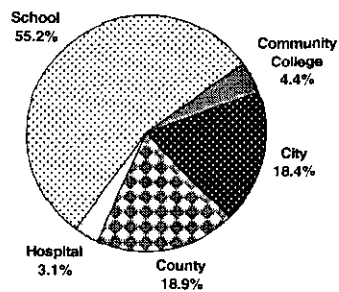


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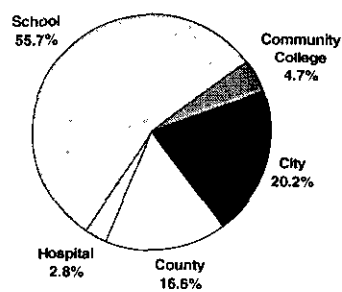
Austin 2008-09 Overlapping Property Tax

TAX RATE



Jurisdiction	Austin	Share
City	0.4012	18.4%
County	0.4122	18.9%
Hospital	0.0679	3.1%
School	1.2020	55.2%
Community College	0.0954	4.4%
Total Tax Rate	2.1787	

TAX BILL \$187,100 HOME



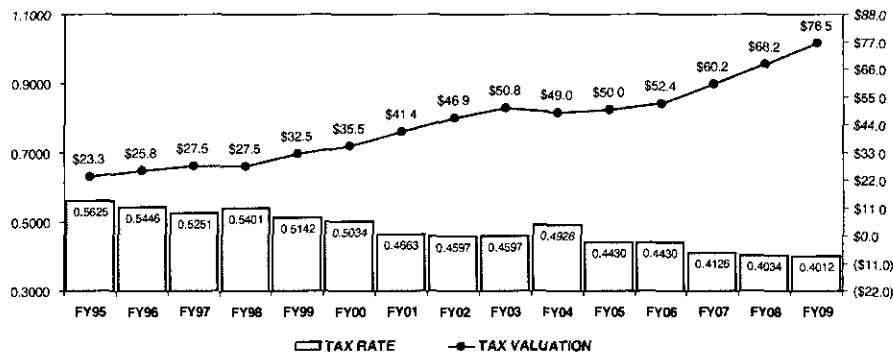
Jurisdiction	Austin	Share
City	\$751	20.2%
County	\$617	16.6%
Hospital	\$102	2.8%
School	\$2,069	55.7%
Community College	\$174	4.7%
Total Tax Bill	\$3,713	

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Property Tax History

AUSTIN PROPERTY TAX COMPARISON

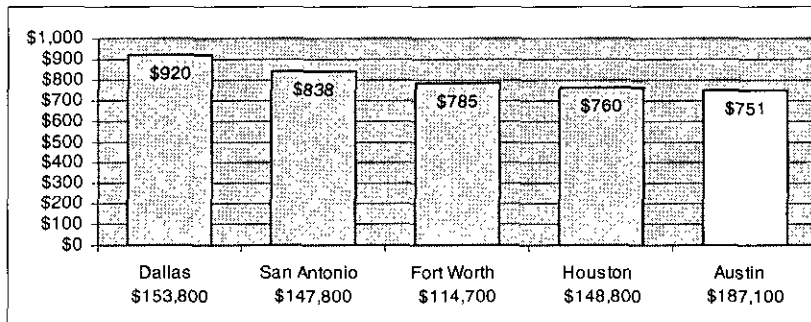


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Property Tax Comparison – Median Priced Homes Last 12 Months



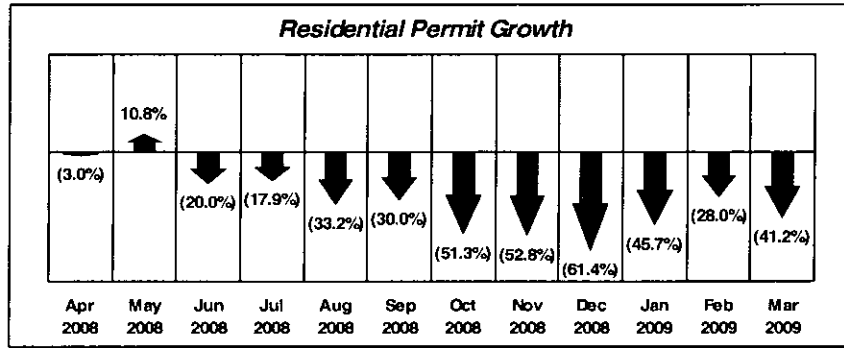
Source: Texas A&M Real Estate Center

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Development Activity – Monthly

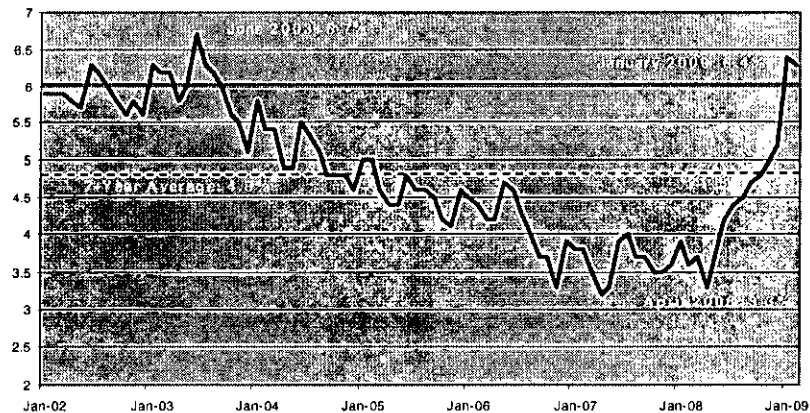


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Austin MSA Unemployment Rate History



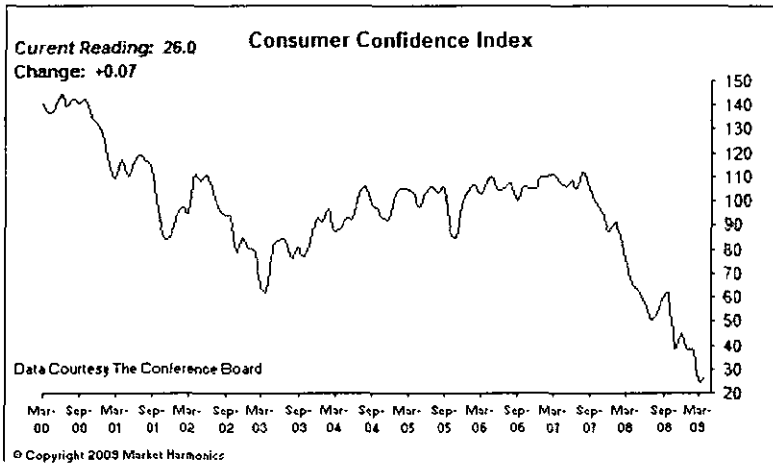
Source: Texas Workforce Commission

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Consumer Confidence Index

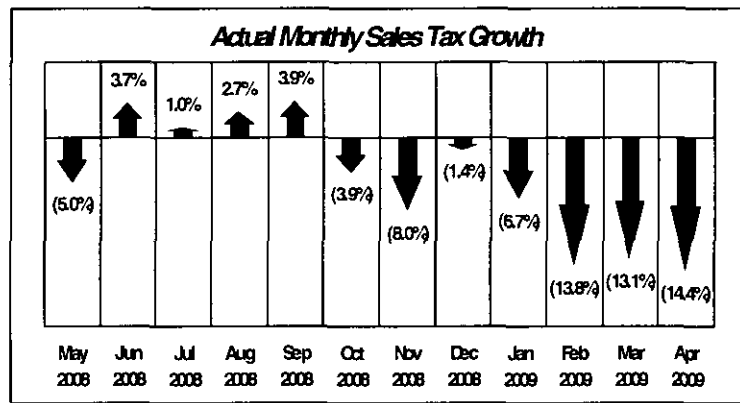


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Sales Tax History



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